

Chapter 4

Laws, Regulations, and Compliance

THE CISSP TOPICS COVERED IN THIS CHAPTER INCLUDE:

✓ Domain 1.0: Security and Risk Management

- 1.4 Understand legal, regulatory, and compliance issues that pertain to information security in a holistic context
 - 1.4.1 Cybercrimes and data breaches
 - 1.4.2 Licensing and Intellectual Property requirements
 - 1.4.3 Import/export controls
 - 1.4.4 Transborder data flow
 - 1.4.5 Issues related to privacy (e.g., General Data Protection Regulation (GDPR), California Consumer Privacy Act, Personal Information Protection Law, Protection of Personal Information Act)
 - 1.4.6 Contractual, legal, industry standards, and regulatory requirements

The world of compliance is a complex and dynamic landscape of legal and regulatory matters for information technology and cybersecurity professionals. National, state, and local governments have all passed overlapping laws regulating different components of cybersecurity in a patchwork manner. This leads to an incredibly confusing landscape for security professionals, who must reconcile the laws of multiple jurisdictions. Things become even more complicated for multinational companies, which must navigate the variations between international laws as well.

Law enforcement agencies have tackled the issue of cybercrime with gusto in recent years. The legislative branches of governments around the world have at least attempted to address issues of cybercrime. Many law enforcement agencies have full-time, well-trained computer crime investigators with advanced security training. Agencies without full-time investigators should know where to turn when they require this sort of experience.

In this chapter, we'll cover the various types of laws that deal with computer security issues. We'll examine the legal issues surrounding computer crime, privacy, intellectual property, and a number of other related topics. We'll also cover basic investigative techniques, including the pros and cons of calling in assistance from law enforcement.

Categories of Laws

Three main categories of laws play a role in the U.S. legal system. Each is used to cover a variety of circumstances, and the penalties for violating laws in the different categories vary widely. In the following sections, you'll learn how criminal law, civil law, and administrative law interact to form the complex web of our justice system.

Criminal Law

Criminal law forms the bedrock of the body of laws that preserve the peace and keep our society safe. Many high-profile court cases involve matters of criminal law; these are the laws that the police and other law enforcement agencies concern themselves with. Criminal law contains prohibitions against acts such as murder, assault, robbery, and arson. Penalties for violating criminal statutes fall in a range that includes mandatory hours of community service, monetary penalties in the form of fines (small and large), and deprivation of civil liberties in the form of prison sentences.



Real World Scenario

Don't Underestimate Technology Crime Investigators

A good friend of one of the authors is a technology crime investigator for the local police department. He often receives cases of computer abuse involving threatening emails and website postings.

Recently, he shared a story about a bomb threat that had been emailed to a local high school. The perpetrator sent a threatening note to the school principal declaring that the bomb would explode at 1 p.m. and warning him to evacuate the school. The author's friend received the alert at 11 a.m., leaving him with only two hours to investigate the crime and advise the principal on the best course of action.

He quickly began issuing emergency subpoenas to internet service providers and traced the email to a computer in the school library. At 12:15 p.m., he confronted the suspect with surveillance tapes showing him at the computer in the library as well as audit logs conclusively proving that he had sent the email. The student quickly admitted that the threat was nothing more than a ploy to get out of school a couple of hours early. His explanation? “I didn't think there was anyone around here who could trace stuff like that.”

He was wrong.

A number of criminal laws serve to protect society against computer crime. In later sections of this chapter, you'll learn how some laws, such as the Computer Fraud and Abuse Act (CFAA), the Electronic Communications Privacy Act (ECPA), and the Identity Theft and Assumption Deterrence Act (ITADA) (among others), provide criminal penalties for serious cases of computer crime. Technically savvy prosecutors teamed with concerned law enforcement agencies have dealt serious blows to the “hacking underground” by using the

court system to slap lengthy prison terms on offenders guilty of what used to be considered harmless pranks.

In the United States, legislative bodies at all levels of government establish criminal laws through elected representatives. At the federal level, both the House of Representatives and the Senate must pass criminal law bills by a majority vote (in most cases), and then the president must normally sign it in order for the bill to become law. Once passed, these laws then become federal law and apply in all cases where the federal government has jurisdiction (mainly cases that involve interstate commerce, cases that cross state boundaries, or cases that are offenses against the federal government itself). If federal jurisdiction does not apply, state authorities handle the case using laws passed in a similar manner by state legislators.

All federal and state laws must comply with the ultimate authority that dictates how the U.S. system of government works—the U.S. Constitution. All laws are subject to judicial review by regional courts with the right of appeal all the way to the Supreme Court of the United States. If a court finds that a law is unconstitutional, it has the power to strike it down and render it invalid.

Keep in mind that criminal law is a serious matter. If you find yourself involved—as a witness, defendant, or victim—in a matter where criminal authorities become involved, you'd be well advised to seek advice from an attorney familiar with the criminal justice system and specifically with matters of computer crime. It's not wise to “go it alone” in such a complex system.

Civil Law

Civil laws form the bulk of the U.S. body of laws. They are designed to provide for an orderly society and govern matters that are not crimes but that require an impartial arbiter to settle between individuals and organizations. Examples of the types of matters that may be judged under civil law include contract disputes, real estate transactions, employment matters, and estate/probate procedures. Civil laws also are used to create the framework of government that the executive branch uses to carry out its responsibilities. These laws provide budgets for governmental activities and lay out the authority

granted to the executive branch to create administrative laws (see the next section).

Civil laws are enacted in the same manner as criminal laws. They must pass through the legislative process before enactment and are subject to the same constitutional parameters and judicial review procedures. At the federal level, both criminal and civil laws are embodied in the United States Code (USC).

The major difference between civil laws and criminal laws is the way in which they are enforced. Usually, law enforcement authorities do not become involved in matters of civil law beyond taking action necessary to restore order. In a criminal prosecution, the government, through law enforcement investigators and prosecutors, brings action against a person accused of a crime. In civil matters, it is incumbent upon the person who thinks they have been wronged to obtain legal counsel and file a civil lawsuit against the person they think is responsible for their grievance. The government (unless it is the plaintiff or defendant) does not take sides in the dispute or argue one position or the other. The only role of the government in civil matters is to provide the judges, juries, and court facilities used to hear civil cases and to play an administrative role in managing the judicial system in accordance with the law.

As with criminal law, it is best to obtain legal assistance if you think you need to file a civil lawsuit or if someone files a civil lawsuit against you. Although civil law does not impose the threat of imprisonment, the losing party may face severe financial penalties. You don't need to look any further than the daily news for examples—multimillion-dollar cases against tobacco companies, major corporations, and wealthy individuals are filed every day.

Administrative Law

The executive branch of the U.S. government charges numerous agencies with wide-ranging responsibilities to ensure that government functions effectively. It is the duty of these agencies to abide by and enforce the criminal and civil laws enacted by the legislative branch. However, as can be easily imagined, criminal and civil law can't possibly lay out rules and procedures that should be followed in every possible situation. Therefore, executive branch

agencies have some leeway to enact administrative law, in the form of executive orders, policies, procedures, and regulations that govern the daily operations of the agency. Administrative law covers topics as mundane as the procedures to be used within a federal agency to obtain a desk telephone to more substantial issues such as the immigration policies that will be used to enforce the laws passed by Congress. Administrative law is published in the Code of Federal Regulations (CFR).

Although administrative law does not require an act of the legislative branch to gain the force of law, it must comply with all existing civil and criminal laws. Government agencies may not implement regulations that directly contradict existing laws passed by the legislature. Furthermore, administrative laws (and the actions of government agencies) must also comply with the U.S. Constitution and are subject to judicial review.

To understand compliance requirements and procedures, you must be fully versed in the complexities of the law. From administrative law to civil law to criminal law (and, in some countries, even religious law), navigating the regulatory environment is a daunting task. You should focus on the generalities of law, regulations, investigations, and compliance as they affect organizational security efforts. Specifically, you will need to:

- Understand legal and regulatory issues that pertain to information security in a holistic concept.
- Determine compliance and other requirements that apply to your organization.

However, it is your responsibility to seek out professional help (i.e., an attorney) to guide and support you in your efforts to maintain legal and legally supportable security.

Laws

In this section, we'll examine a number of laws that relate to information technology. We'll examine several U.S. laws. We'll also look briefly at several high-profile non-U.S. laws, such as the

European Union's General Data Protection Regulation (GDPR). Regardless, if you operate in an environment that involves foreign jurisdictions, you should retain local legal counsel to guide you through the system.



Every information security professional should have a basic understanding of the law as it relates to information technology. However, the most important lesson to be learned is knowing when it's necessary to call in an attorney. If you think you're in a legal “gray area,” it's best to seek professional advice.

Computer Crime

The first computer security issues addressed by legislators were those involving computer crime. Early computer crime prosecutions were attempted under traditional criminal law, and many were dismissed because judges thought that applying traditional law to this modern type of crime was too far a stretch. Legislators responded by passing specific statutes that defined computer crime and laid out specific penalties for various crimes. In the following sections, we'll cover several of those statutes.



The U.S. laws discussed in this chapter are federal laws. But keep in mind that almost every state in the union has also enacted some form of legislation regarding computer security issues. Because of the global reach of the Internet, most computer crimes cross state lines and, therefore, fall under federal jurisdiction and are prosecuted in the federal court system. However, in some circumstances, state laws can be more restrictive than federal laws and impose harsher penalties.

Computer Fraud and Abuse Act

The Counterfeit Access Device and Computer Fraud and Abuse Act of 1984 was the first major piece of cybercrime-specific legislation in the United States. This act was then amended in 1986 to create the modern Computer Fraud and Abuse Act (CFAA), which has since been amended periodically. Congress had earlier enacted computer crime law as part of the Comprehensive Crime Control Act (CCCA) of 1984, but the CFAA was carefully written to exclusively cover computer crimes that crossed state boundaries to avoid infringing on states' rights and treading on thin constitutional ice. The major provisions of the original CCCA made it a crime to perform the following:

- Access classified information or financial information in a federal system without authorization or in excess of authorized privileges.
- Access a computer used exclusively by the federal government without authorization.
- Use a federal computer to perpetrate a fraud (unless the only object of the fraud was to gain use of the computer itself).
- Cause malicious damage to a federal computer system in excess of \$1,000.
- Modify medical records in a computer when doing so impairs or may impair the examination, diagnosis, treatment, or medical care of an individual.
- Traffic in computer passwords if the trafficking affects interstate commerce or involves a federal computer system.

When Congress passed the CFAA, it raised the threshold of damage from \$1,000 to \$5,000 but also dramatically altered the scope of the regulation. Instead of merely covering federal computers that processed sensitive information, the act was changed to cover all “federal interest” computers. This widened the coverage of the act to include the following:

- Any computer used exclusively by the U.S. government

- Any computer used exclusively by a financial institution
- Any computer used by the government or a financial institution when the offense impedes the ability of the government or institution to use that system
- Any combination of computers used to commit an offense when they are not all located in the same state



Be sure you're able to briefly describe the purpose of each law discussed in this chapter.

CFAA Amendments

In 1994, Congress recognized that the face of computer security had drastically changed since the CFAA was last amended in 1986 and made a number of sweeping changes to the act. Collectively, these changes are referred to as the Computer Abuse Amendments Act of 1994 and included the following provisions:

- Outlawed the creation of any type of malicious code that might cause damage to a computer system
- Modified the CFAA to cover any computer used in interstate commerce rather than just “federal interest” computer systems
- Allowed for the imprisonment of offenders, regardless of whether they actually intended to cause damage
- Provided legal authority for the victims of computer crime to pursue civil action to gain injunctive relief and compensation for damages

Since the initial CFAA amendments in 1994, Congress passed additional amendments in 1996, 2001, 2002, and 2008 as part of other cybercrime legislation. We'll discuss those as they come up in this chapter.

Although the CFAA may be used to prosecute a variety of computer crimes, it is also criticized by many in the security and privacy community as an overbroad law. Under some interpretations, the CFAA criminalizes the violation of a website's terms of service. This law was used to prosecute Aaron Swartz for downloading a large number of academic research papers from a database accessible on the MIT network. Swartz died by suicide in 2013 and inspired the drafting of a CFAA amendment that would have excluded the violation of website terms of service from the CFAA. That bill, dubbed Aaron's Law, never reached a vote on the floor of Congress.

Ongoing legislative and judicial actions may affect the broad interpretations of the CFAA in the United States. For example, in the 2020 case *Sandvig v. Barr*, a federal court ruled that the CFAA did not apply to the violations of the terms of use of a website because that would effectively allow website operators to define the boundaries of criminal activity. In 2021, the U.S. Supreme Court ruled in the case, *Van Buren v. United States*, that someone violates CFAA if they first access a computer system that they are authorized to access but then obtain information from files, folders, or databases that they are not authorized to access.

National Information Infrastructure Protection Act of 1996

In 1996, the U.S. Congress passed yet another set of amendments to the Computer Fraud and Abuse Act designed to further extend the protection it provides. The National Information Infrastructure Protection Act (NIIPA) included the following main new areas of coverage:

- Broadens the CFAA to cover computer systems used in international commerce in addition to systems used in interstate commerce
- Extends similar protections to portions of the national infrastructure other than computing systems, such as railroads, gas pipelines, electric power grids, and telecommunications circuits
- Treats any intentional or reckless act that causes damage to critical portions of the national infrastructure as a felony

Federal Information Security Management Act of 2002

The Federal Information Security Management Act (FISMA), passed in 2002, requires that federal agencies implement an information security program that covers the agency's operations. FISMA also requires that government agencies include the activities of contractors in their security management programs. FISMA repealed and replaced two earlier laws: the Computer Security Act of 1987 and the Government Information Security Reform Act of 2000.

The National Institute of Standards and Technology (NIST), responsible for developing the FISMA implementation guidelines, outlines the following elements of an effective information security program:

- Periodic assessments of risk, including the magnitude of harm that could result from the unauthorized access, use, disclosure, disruption, modification, or destruction of information and information systems that support the operations and assets of the organization
- Policies and procedures that are based on risk assessments, cost-effectively reducing information security risks to an acceptable level and ensuring that information security is addressed throughout the life cycle of each organizational information system
- Subordinate plans for providing adequate information security for networks, facilities, information systems, or groups of information systems, as appropriate
- Security awareness training to inform personnel (including contractors and other users of information systems that support the operations and assets of the organization) of the information security risks associated with their activities and their responsibilities in complying with organizational policies and procedures designed to reduce these risks
- Periodic testing and evaluation of the effectiveness of information security policies, procedures, practices, and security controls to be performed with a frequency depending on risk, but no less than annually

- A process for planning, implementing, evaluating, and documenting remedial actions to address any deficiencies in the information security policies, procedures, and practices of the organization
- Procedures for detecting, reporting, and responding to security incidents
- Plans and procedures to ensure continuity of operations for information systems that support the operations and assets of the organization

FISMA places a significant burden on federal agencies and government contractors, who must develop and maintain substantial documentation of their FISMA compliance activities.

Federal Cybersecurity Laws of 2014

In 2014, President Barack Obama signed a series of bills into law that modernized the federal government's approach to cybersecurity issues.

The first of these was the Federal Information Security Modernization Act of 2014, which amended the 2002 version of FISMA. The 2014 FISMA modified the rules of the 2002 FISMA by centralizing federal cybersecurity responsibility with the Department of Homeland Security (DHS). There are two exceptions to this centralization: defense-related cybersecurity issues remain the responsibility of the secretary of defense, and the director of national intelligence bears responsibility for intelligence-related issues.

Second, Congress passed the Cybersecurity Enhancement Act of 2014, which charges NIST with responsibility for coordinating nationwide work on voluntary cybersecurity standards. This act was amended in 2022 to create an ongoing and voluntary public/private partnership to improve cybersecurity, strengthen cybersecurity research and development, develop the cybersecurity workforce, and build public cybersecurity awareness.

NIST produces the 800 series of Special Publications related to computer security in the federal government. These are useful for all

security practitioners and are available for free online at <http://csrc.nist.gov/publications/sp800>.

The following are commonly used NIST standards:

- NIST SP 800-53: *Security and Privacy Controls for Information Systems and Organizations*. This standard is required for use in federal computing systems and is also commonly used as an industry cybersecurity benchmark.
- NIST SP 800-171: *Protecting Controlled Unclassified Information in Nonfederal Systems and Organizations*. Compliance with this standard's security controls (which are quite similar to those found in NIST 800-53) is often included as a contractual requirement by government agencies. Federal contractors must often comply with NIST SP 800-171.
- The *NIST Cybersecurity Framework* (CSF) is a set of standards designed to serve as a voluntary risk-based framework for securing information and systems.

The third law from this wave of new requirements was the National Cybersecurity Protection Act of 2014. This law charged the Department of Homeland Security with establishing a national cybersecurity and communications integration center. The role of this center is to serve as the interface between federal agencies and civilian organizations for sharing cybersecurity risks, incidents, analysis, and warnings.

Intellectual Property (IP)

America's role in the global economy is shifting away from a manufacturer of goods and toward a provider of services. This trend also shows itself in many of the world's large industrialized nations. With this shift toward providing services, *intellectual property (IP)* takes on an increasingly important role in many firms. Indeed, it is arguable that the most valuable assets of many large multinational companies are simply the brand names that we've all come to recognize. Company names such as Dell, Procter & Gamble, and Merck bring instant credibility to any product. Publishing companies, movie producers, and artists depend on their creative

output to earn their livelihood. Many products depend on secret recipes or production techniques—take the legendary secret formula for Coca-Cola or KFC's secret blend of herbs and spices, for example.

These intangible assets are collectively referred to as intellectual property (IP), and a whole host of laws exist to protect the rights of their owners. After all, it simply wouldn't be fair if a bookstore bought only one copy of each author's book and made copies for all of its customers—that would deprive the author of the benefits of their labor. In the following sections, we'll explore the laws surrounding the four major types of intellectual property—copyrights, trademarks, patents, and trade secrets. We'll also discuss how these concepts specifically concern information security professionals. Many countries protect (or fail to protect) these rights in different ways, but the basic concepts ring true throughout the world.



Some countries are notorious for violating IP rights and are world renowned for their blatant disregard of copyright and patent law. If you're planning to do business in countries where this is a problem, you should definitely consult with an attorney who specializes in this area.

Copyright and the Digital Millennium Copyright Act

Copyright law guarantees the creators of “original works of authorship” protection against the unauthorized duplication of their work. Eight broad categories of works qualify for copyright protection:

- Literary works
- Musical works
- Dramatic works
- Pantomimes and choreographic works
- Pictorial, graphical, and sculptural works

- Motion pictures and other audiovisual works
- Sound recordings
- Architectural works

There is precedent for copyrighting computer software—it's done under the scope of literary works. However, it's important to note that copyright law protects only the expression inherent in computer software—that is, the actual source code. It does not protect the ideas or process behind the software. There has also been some question over whether copyrights can be extended to cover the “look and feel” of a software package's graphical user interface. Court decisions have gone in both directions on this matter; if you will be involved in this type of issue, you should consult a qualified intellectual property attorney to determine the current state of legislation and case law.

There is a formal procedure to obtain a copyright that involves sending copies of the protected work along with an appropriate registration fee to the U.S. Copyright Office. For more information on this process, visit the office's website at www.copyright.gov. However, officially registering a copyright is not a prerequisite for copyright enforcement. Indeed, the law states that the creator of a work has an automatic copyright from the instant the work is created. If you can prove in court that you were the creator of a work (perhaps by publishing it), you will be protected under copyright law. Official registration merely provides the government's acknowledgment that they received your work on a specific date.

Copyright ownership always defaults to the creator of a work. The exceptions to this policy are works for hire. A work is considered “for hire” when it is made for an employer during the normal course of an employee's workday. For example, when an employee in a company's public relations department writes a press release, the press release is considered a work for hire. A work may also be considered a work for hire when it is made as part of a written contract declaring it as such.

Current copyright law provides for a lengthy period of protection. Works by one or more authors are protected until 70 years after the death of the last surviving author. Works for hire and anonymous works are provided protection for 95 years from the date of first

publication or 120 years from the date of creation, whichever is shorter.

In 1998, Congress recognized the rapidly changing digital landscape that was stretching the reach of existing copyright law. To help meet this challenge, it enacted the hotly debated Digital Millennium Copyright Act (DMCA). The DMCA also serves to bring U.S. copyright law into compliance with terms of two World Intellectual Property Organization (WIPO) treaties.

The first major provision of the DMCA is the prohibition of attempts to circumvent copyright protection mechanisms placed on a protected work by the copyright holder. This clause was designed to protect copy-prevention mechanisms placed on digital media such as compact discs (CDs) and digital video discs (DVDs). The DMCA provides for penalties of up to \$1 million and 10 years in prison for repeat offenders. Nonprofit institutions such as libraries and schools are exempted from this provision.

The DMCA also limits the liability of Internet service providers (ISPs) when their circuits are used by criminals violating the copyright law. The DMCA recognizes that ISPs have a legal status similar to the “common carrier” status of telephone companies and does not hold them liable for the “transitory activities” of their users. To qualify for this exemption, the service provider's activities must meet the following requirements (quoted directly from the Digital Millennium Copyright Act of 1998, U.S. Copyright Office Summary, December 1998):

- The transmission must be initiated by a person other than the provider.
- The transmission, routing, provision of connections, or copying must be carried out by an automatic technical process without selection of material by the service provider.
- The service provider must not determine the recipients of the material.
- Any intermediate copies must not ordinarily be accessible to anyone other than anticipated recipients and must not be retained for longer than reasonably necessary.

- The material must be transmitted with no modification to its content.

The DMCA also exempts activities of service providers related to system caching, search engines, and the storage of information on a network by individual users. However, in those cases, the service provider must take prompt action to remove copyrighted materials upon notification of the infringement.

Congress also included provisions in the DMCA that allow the creation of backup copies of computer software and any maintenance, testing, or routine usage activities that require software duplication. These provisions apply only if the software is licensed for use on a particular computer, the usage is in compliance with the license agreement, and any such copies are immediately deleted when no longer required for a permitted activity.

Finally, the DMCA spells out the application of copyright law principles to the streaming of audio and/or video content over the Internet. The DMCA states that these uses are to be treated as “eligible nonsubscription transmissions.”

Trademarks

Copyright laws are used to protect creative works; there is also protection for *trademarks*, which are words, slogans, and logos used to identify a company and its products or services. For example, a business might obtain a copyright on its sales brochure to ensure that competitors can't duplicate its sales materials. That same business might also seek to obtain trademark protection for its company name and the names of specific products and services that it offers to its clients.

The main objective of trademark protection is to avoid confusion in the marketplace while protecting the intellectual property rights of people and organizations. As with copyright protection, trademarks do not need to be officially registered to gain protection under the law. If you use a trademark in the course of your public activities, you are automatically protected under any relevant trademark law and can use the TM symbol to show that you intend to protect words or slogans as trademarks. If you want official recognition of your

trademark, you can register it with the United States Patent and Trademark Office (USPTO). This process generally requires an attorney to perform a due diligence comprehensive search for existing trademarks that might preclude your registration. The entire registration process can take more than a year from start to finish. Once you've received your registration certificate from the USPTO, you can denote your mark as a registered trademark with the ® symbol.

One major advantage of trademark registration is that you may register a trademark that you intend to use but are not necessarily already using. This type of application is called an *intent to use* application and conveys trademark protection as of the date of filing provided that you actually use the trademark in commerce within a certain time period. If you opt not to register your trademark with the PTO, your protection begins only when you first use the trademark.

The acceptance of a trademark application in the United States depends on these two main requirements:

- The trademark must not be confusingly similar to another trademark—you should determine this during your attorney's due diligence search. There will be an open opposition period during which other companies may dispute your trademark application.
- The trademark should not be descriptive of the goods and services that you will offer. For example, “Mike's Software Company” would not be a good trademark candidate because it describes the product produced by the company. The USPTO may reject an application if it considers the trademark descriptive.

In the United States, trademarks are granted for an initial period of 10 years and can be renewed for unlimited successive 10-year periods.

Patents

Utility patents protect the intellectual property rights of inventors. They provide a period of 20 years from the time of the invention (from the date of initial application) during which the inventor is granted exclusive rights to use the invention (whether directly or via licensing agreements). At the end of the patent exclusivity period, the invention is in the public domain available for anyone to use.

Patents have three main requirements:

- The invention must be new. Inventions are patentable only if they are original ideas.
- The invention must be useful. It must actually work and accomplish some sort of task.
- The invention must not be obvious. You could not, for example, obtain a patent for your idea to use a drinking cup to collect rainwater. This is an obvious solution. You might, however, be able to patent a specially designed cup that optimizes the amount of rainwater collected while minimizing evaporation.

Protecting Software

There is some ongoing controversy over how the intellectual property contained in software should be protected. Software seems to clearly qualify for copyright protection, but litigants have disputed this notion in court.

Similarly, companies have applied for and received patents covering the way that their software “inventions” function. Cryptographic algorithms, such as RSA and Diffie–Hellman, both enjoyed patent protection at one point. This, too, is a situation that poses some legal controversy.

In the technology field, patents have long been used to protect hardware devices and manufacturing processes. There is plenty of precedent on the side of inventors in those areas. Recent patents have also been issued covering software programs and similar

mechanisms, but these patents have become somewhat controversial because many of them are viewed by the technical community as overly broad. The issuance of these broad patents led to the evolution of businesses that exist solely as patent holding companies that derive their revenue by engaging in legal action against companies that they feel infringe upon the patents held in their portfolio. These companies are known by many in the technology community under the derogatory name “patent trolls.”

Design and Plant Patents

The patents described in this section are utility patents, a type of patent that protects the intellectual property around how an invention functions.

Inventors may also take advantage of design patents. These patents cover the appearance of an invention and last for only 15 years. They do not protect the idea of an invention, only the form of the invention, so they are generally seen as a weaker form of intellectual property protection than utility patents, but they are also easier to obtain.

A third type of patent, plant patents, cover new species of plants that are created by people. Those aren't normally very relevant to cybersecurity matters, unless you work in an agricultural industry!

Trade Secrets

Many companies have intellectual property that is absolutely critical to their business, and significant damage would result if it were disclosed to competitors and/or the public—in other words, *trade secrets*. We previously mentioned two examples of this type of information from popular culture—the secret formula for Coca-Cola and KFC's “secret blend of herbs and spices.” Other examples are plentiful; a manufacturing company may want to keep secret a certain manufacturing process that only a few key employees fully understand, or a statistical analysis company might want to safeguard an advanced model developed for in-house use.

Two of the previously discussed intellectual property tools—copyrights and patents—could be used to protect this type of information, but with these two major disadvantages:

- Filing a copyright or patent application requires that you publicly disclose the details of your work or invention. This automatically removes the “secret” nature of your property and may harm your firm by removing the mystique surrounding a product or by allowing unscrupulous competitors to copy your property in violation of international intellectual property laws.
- Copyrights and patents both provide protection for a limited period of time. Once your legal protection expires, other firms are free to use your work at will (and they have all the details from the public disclosure you made during the application process!).

There actually is an official process regarding trade secrets. By their nature you don't register them with anyone; you keep them to yourself. To preserve trade secret status, you must implement adequate controls within your organization to ensure that only authorized personnel with a need to know the secrets have access to them. You must also ensure that anyone who does have this type of access is bound by a nondisclosure agreement (NDA) that prohibits them from sharing the information with others and provides penalties for violating the agreement. Consult an attorney to ensure that the agreement lasts for the maximum period permitted by law. In addition, you must take steps to demonstrate that you value and protect your intellectual property. Failure to do so may result in the loss of trade secret protection.

Trade secret protection is one of the best ways to protect computer software. As discussed in the previous section, patent law does not provide adequate protection for computer software products. Copyright law protects only the actual text of the source code and doesn't prohibit others from rewriting your code in a different form and accomplishing the same objective. If you treat your source code as a trade secret, it keeps it out of the hands of your competitors in the first place. This is the technique used by large software

development companies such as Microsoft to protect their core base of intellectual property.

Economic Espionage

Trade secrets are often the crown jewels of major corporations, and the U.S. government recognized the importance of protecting this type of intellectual property when Congress enacted the Economic Espionage Act of 1996. This law has these two major provisions:

- Any individual found guilty of stealing trade secrets from a U.S. corporation with the intention of benefiting a foreign government or agent may be fined up to \$500,000 and imprisoned for up to 15 years. Organizations found guilty may be fined up to \$10,000,000.
- Any individual found guilty of stealing trade secrets under other circumstances may be fined and imprisoned for up to 10 years. Organizations found guilty may be fined up to \$5,000,000.

The terms of the Economic Espionage Act give true teeth to the intellectual property rights of trade secret owners. Enforcing this law requires that companies take adequate steps to ensure that their trade secrets are well protected and not accidentally placed into the public domain.

The law was extended by the Defend Trade Secrets Act of 2016. The original Economic Espionage Act required that the government bring criminal enforcement charges. The Defend Trade Secrets Act added a civil right of action, allowing companies to file a civil suit in federal court claiming theft of trade secrets.

Software Licensing

As the software industry has evolved, so too have the complexities surrounding software licensing. Today's security professionals must

navigate a landscape of diverse licensing options and agreements. Here are some contemporary software licensing types:

Perpetual Licenses This type of license allows users to pay a onetime fee for the software and use it indefinitely without any time limitations. Typically, support and updates might require additional fees.

Subscription Licenses Unlike perpetual licenses, subscription licenses are time-bound. Users pay a recurring fee to use the software, often monthly or annually. This often includes updates and support as part of the subscription.

Open-Source Licenses Open-source software is usually free to use, modify, and distribute. However, there are various open source licenses, each with its conditions, like the GNU General Public License (GPL) or the MIT License.

Freeware Software that is available free of charge. It might come with restrictions on usage or lack features available in a paid version.

Enterprise License Agreements (ELAs) These are comprehensive agreements between software vendors and large organizations. ELAs allow for the deployment of software throughout the organization under favorable terms, often at a discounted price.

End-User License Agreements (EULAs) EULAs define the rights and restrictions that apply when using the software. These are typically presented during the installation or initial setup process.

Concurrent Use Licenses This allows a set number of users to access the software at the same time. Once the limit is reached, additional users must wait until a slot becomes available.

Named User Licenses This type of license is tied to specific users, typically identified by their login credentials, ensuring only designated individuals can access the software.

Cloud Services License Agreements These agreements pertain to software-as-a-service (SaaS) provided over the Internet. Users often encounter them when registering for online services. The agreement might present as a link to terms or flash legal information on the screen, requiring user affirmation before accessing the service.



Industry groups provide guidance and enforcement activities regarding software licensing. You can get more information from their websites. One major group is the Software Alliance at <http://bsa.org>.

Import/Export

The federal government recognizes that the very same computers and encryption technologies that drive the Internet and e-commerce can be extremely powerful tools in the hands of a military force. For this reason, during the Cold War, the government developed a complex set of regulations governing the export of sensitive hardware and software products to other nations. The regulations include the management of *transborder data flow* of new technologies, intellectual property, and personally identifiable information (PII).

Until recently, it was difficult to export high-powered computers outside the United States, except to a select handful of allied nations. The controls on exporting encryption software were even more severe, rendering it virtually impossible to export any encryption technology outside the country. Recent changes in federal policy have relaxed these restrictions and provided for more open commerce.

Two sets of federal regulations governing imports and exports are of particular interest to cybersecurity professionals:

- The International Traffic in Arms Regulations (ITAR) controls the manufacture, export, and import of items that are

specifically designated as military and defense items, including technical information related to those items. The items covered under ITAR appear on a list called the United States Munitions List (USML), maintained in 22 CFR 121.

- The Export Administration Regulations (EAR) cover a broader set of items that are designed for commercial use but may have military applications. Items covered by EAR appear on the Commerce Control List (CCL) maintained by the U.S. Department of Commerce. Notably, EAR includes an entire category covering information security products.

Countries of Concern

Currently, U.S. firms can export high-performance computing systems to virtually any country without receiving prior approval from the government. There are exceptions to this rule for countries designated by the Department of Commerce's Bureau of Industry and Security (BIS) as countries of concern based on the fact that they pose a threat of nuclear proliferation, they are classified as state sponsors of terrorism, or other concerns. These countries include Cuba, Iran, North Korea, and Syria.



You can find a list of countries and their corresponding computer export tiers on the Department of Commerce's website at www.bis.doc.gov.

Encryption Export Controls

The Department of Commerce's Bureau of Industry and Security (BIS) sets forth regulations on the export of encryption products outside the United States. Under previous regulations, it was virtually impossible to export even relatively low-grade encryption technology outside the United States. This placed U.S. software manufacturers at a great competitive disadvantage to foreign firms that faced no similar regulations. After a lengthy lobbying campaign by the software industry, the president directed the Commerce

Department to revise its regulations to foster the growth of the American security software industry.



If you're thinking to yourself, “These regulations are confusing and overlapping,” you're not alone! Export controls are a highly specialized area of the law that require expert legal advice if you encounter them in your work.

Current regulations now designate the categories of retail and mass market security software. The rules now permit firms to submit these products for review by the Commerce Department, but the review is supposed to take no longer than 30 days. After successful completion of this review, companies may freely export these products. However, government agencies often exceed legislated deadlines, and companies must either wait until the review is complete or take the matter to court in an attempt to force a decision.

Privacy

The right to privacy has for years been a hotly contested issue in the United States. The main source of this contention is that the Constitution's Bill of Rights does not explicitly provide for a right to privacy. However, this right has been upheld by numerous courts and is vigorously pursued by organizations such as the American Civil Liberties Union (ACLU).

Europeans have also long been concerned with their privacy. Indeed, countries such as Switzerland are world renowned for their ability to keep financial secrets. Later in this chapter, we'll examine how the European Union (EU) data privacy laws impact companies and Internet users.

U.S. Privacy Law

Although there is no explicit constitutional guarantee of privacy, a myriad of federal laws (many enacted in recent years) are designed to protect the private information the government maintains about citizens as well as key portions of the private sector such as financial,

educational, and healthcare institutions. In the following sections, we'll examine a number of these federal laws.

Fourth Amendment The basis for privacy rights is in the Fourth Amendment to the U.S. Constitution. It reads as follows:

The right of the people to be secure in their persons, houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no Warrants shall issue, but upon probable cause, supported by Oath or affirmation, and particularly describing the place to be searched, and the persons or things to be seized.

The direct interpretation of this amendment prohibits government agents from searching private property without a warrant and probable cause. The courts have expanded their interpretation of the Fourth Amendment to include protections against wiretapping and other invasions of privacy.

Privacy Act of 1974 The Privacy Act of 1974 is perhaps the most significant piece of privacy legislation restricting the way the federal government may deal with private information about individual citizens. The Privacy Act mandates that U.S. federal agencies maintain only the records that are necessary for conducting their business and that they destroy those records when they are no longer needed for a legitimate function of government. It provides a formal procedure for individuals to gain access to records the government maintains about them and to request that incorrect records be amended. It also severely limits the ability of federal government agencies to disclose private information to other people or agencies without the prior written consent of the affected individuals. It does provide for exceptions involving the census, law enforcement, the National Archives, health and safety, and court orders.



The Privacy Act of 1974 applies *only* to federal government agencies. Many people misunderstand this law and believe that it applies to how companies and other organizations handle sensitive personal information, but that is not the case.

Electronic Communications Privacy Act of 1986 The Electronic Communications Privacy Act (ECPA) makes it a crime to invade the electronic privacy of an individual. This act broadened the Federal Wiretap Act, which previously covered communications traveling via a physical wire, to apply to any illegal interception of electronic communications or to the intentional, unauthorized access of electronically stored data. It prohibits the interception or disclosure of electronic communication and defines those situations in which disclosure is legal. It protects against the monitoring of email and voicemail communications and prevents providers of those services from making unauthorized disclosures of their content.

One of the most notable provisions of the ECPA is that it makes it illegal to monitor mobile telephone conversations. In fact, such monitoring is punishable by a fine of up to \$500 and a prison term of up to five years.

Communications Assistance for Law Enforcement Act (CALEA) of 1994 The Communications Assistance for Law Enforcement Act (CALEA) of 1994 amended the Electronic Communications Privacy Act of 1986. CALEA requires all communications carriers to make wiretaps possible for law enforcement with an appropriate court order, regardless of the technology in use.

Economic Espionage Act of 1996 The Economic Espionage Act of 1996 extends the definition of property to include proprietary economic information so that the theft of this information can be considered industrial or corporate

espionage. This changed the legal definition of theft so that it was no longer restricted by physical constraints.

Health Insurance Portability and Accountability Act of 1996

In 1996, Congress passed the Health Insurance Portability and Accountability Act (HIPAA), which made numerous changes to the laws governing health insurance and health maintenance organizations (HMOs). Among the provisions of HIPAA are privacy and security regulations requiring strict security measures for hospitals, physicians, insurance companies, and other organizations that process or store private medical information about individuals.

HIPAA also clearly defines the rights of individuals who are the subject of medical records and requires organizations that maintain such records to disclose these rights in writing.



The HIPAA privacy and security regulations are quite complex. You should be familiar with the broad intentions of the act, as described here. If you work in the healthcare industry, consider devoting time to an in-depth study of this law's provisions.

Health Information Technology for Economic and Clinical Health Act of 2009

In 2009, Congress amended HIPAA by passing the Health Information Technology for Economic and Clinical Health (HITECH) Act. This law updated many of HIPAA's privacy and security requirements and was implemented through the HIPAA Omnibus Rule in 2013.

One of the changes mandated by the new regulations is a change in the way the law treats business associates, which are organizations that handle protected health information (PHI) on behalf of a HIPAA-covered entity. Any relationship between a covered entity and a business associate must be governed by a written contract known as a business associate agreement (BAA). Under the new regulation, business associates are

directly subject to HIPAA and HIPAA enforcement actions in the same manner as a covered entity.

HITECH also introduced new data breach notification requirements. Under the HITECH Breach Notification Rule, HIPAA-covered entities that experience a data breach must notify affected individuals of the breach and must also notify both the Secretary of Health and Human Services and the media when the breach affects more than 500 individuals. In those cases, notification must take place without unreasonable delay and no more than 60 days after discovery of the breach.

Data Breach Notification Laws

HITECH's data breach notification rule is unique in that it is a federal law mandating the notification of affected individuals. Outside of this requirement for healthcare records, data breach notification requirements vary widely from state to state.

In 2002, California passed the Senate Bill SB 1386 and became the first state to immediately disclose to individuals the known or suspected breach of personally identifiable information. This includes unencrypted copies of a person's name in conjunction with any of the following information:

- Social Security number
- Driver's license number
- State identification card number
- Account number, credit or debit card number, in combination with any required security code, access code, or password that would permit access to an individual's financial account.

In the years following SB 1386, other states passed similar laws modeled on the California data breach notification law. In 2018, 16 years after the passage of SB 1386, Alabama and South Dakota became the last two states to pass data breach notification laws.



For a complete listing of state data breach notification laws, see

www.ncsl.org/research/telecommunications-and-information-technology/security-breach-notification-laws.aspx.

Children's Online Privacy Protection Act of 1998 In April 2000, provisions of the federal Children's Online Privacy Protection Act (COPPA) became the law of the land in the United States. COPPA makes a series of demands on websites that cater to children or knowingly collect information from children:

Websites must have a privacy notice that clearly states the types of information they collect and what it's used for, including whether any information is disclosed to third parties. The privacy notice must also include contact information for the operators of the site.

Parents must be provided with the opportunity to review any information collected from their children and permanently delete it from the site's records.

Parents must give verifiable consent to the collection of information about children younger than the age of 13 prior to any such collection. Exceptions in the law allow websites to collect minimal information solely for the purpose of obtaining such parental consent.

Gramm–Leach–Bliley Act of 1999 Until the Gramm–Leach–Bliley Act (GLBA) became law in 1999, there were strict governmental barriers between financial institutions. Banks, insurance companies, and credit providers were severely limited in the services they could provide and the information they could share with each other. GLBA somewhat relaxed the regulations concerning the services each organization could provide. When Congress passed this law, it realized that this increased latitude could have far-reaching privacy implications. Because of this concern, it included a number of limitations on the types of information that could be exchanged even among subsidiaries of the same corporation and required financial institutions to provide written privacy policies to all their customers.

USA PATRIOT Act of 2001 Congress passed the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001 in direct response to the September 11, 2001,

terrorist attacks in New York City and Washington, DC. The PATRIOT Act greatly broadened the powers of law enforcement organizations and intelligence agencies across a number of areas, including when monitoring electronic communications.

One of the major changes prompted by the PATRIOT Act revolves around the way government agencies obtain wiretapping authorizations. Previously, police could obtain warrants for only one circuit at a time, after proving that the circuit was used by someone subject to monitoring. Provisions of the PATRIOT Act allow authorities to obtain a blanket authorization for a person and then monitor all communications to or from that person under the single warrant.

Another major change is in the way the government deals with Internet service providers (ISPs). Under the terms of the PATRIOT Act, ISPs may voluntarily provide the government with a large range of information. The PATRIOT Act also allows the government to obtain detailed information on user activity through the use of a subpoena (as opposed to a wiretap).

Finally, the USA PATRIOT Act amends the Computer Fraud and Abuse Act (yes, another set of amendments!) to provide more severe penalties for national security related criminal acts. The PATRIOT Act provides for jail terms of up to 20 years and once again expands the coverage of the CFAA.

The PATRIOT Act has a complex legislative history. Many of the key provisions of the PATRIOT Act expired in 2015 when Congress failed to pass a renewal bill. However, Congress later passed the Uniting and Strengthening America by Fulfilling Rights and Ensuring Effective Discipline Over Monitoring (USA FREEDOM) Act in June 2015, which restored key provisions of the PATRIOT Act. The provisions expired again in March 2020 and were once again renewed.

Clarifying Lawful Overseas Use of Data (CLOUD) Act

The Clarifying Lawful Overseas Use of Data (CLOUD) Act was enacted in 2018, establishing procedures that govern access to data held by technology companies across national borders. This piece of legislation was introduced as a way to improve law

enforcement's ability to gather digital evidence stored on servers regardless of where the servers are located, provided that the company is based within the United States or subject to U.S. jurisdiction.

Key aspects of the CLOUD Act include:

- It authorizes the U.S. government to enter into bilateral agreements with other countries to provide reciprocal rights to data relevant to criminal investigations and proceedings.
- U.S.-based technology companies can receive and must comply with lawful orders for data disclosure issued by foreign governments with which the U.S. has an executive agreement, bypassing the need for U.S. government intervention if certain conditions and human rights standards are met.
- It clarifies that U.S. law enforcement can compel U.S.-based service providers via warrant or subpoena to disclose electronic data in their possession, custody, or control, even if the data is stored on servers located outside the United States.
- The act provides mechanisms for technology companies to challenge or seek a modification to the data requests if they believe the order violates the rights of the customer or the laws of a foreign jurisdiction.

Family Educational Rights and Privacy Act The Family Educational Rights and Privacy Act (FERPA) is another specialized privacy bill that affects any educational institution that accepts any form of funding from the federal government (the vast majority of schools). It grants certain privacy rights to students 18 or older (or younger than 18 and attending a postsecondary institution) and the parents of minor students. Specific FERPA protections include the following:

- Parents/students have the right to inspect any educational records maintained by the institution on the student.

- Parents/students have the right to request correction of records they think are erroneous and the right to include a statement in the records contesting anything that is not corrected.
- Schools may not release personal information from student records without written consent, except under certain circumstances.

Identity Theft and Assumption Deterrence Act In 1998, the president signed the Identity Theft and Assumption Deterrence Act into law. In the past, the only legal victims of identity theft were the creditors who were defrauded. This law was extended by the Identity Theft Penalty Enhancement Act in 2004. Together, these laws make identity theft a crime against the person whose identity was stolen and provide severe criminal penalties (up to a 15-year prison term and/or substantial fines) for anyone found guilty of violating this law.



Real World Scenario

Privacy in the Workplace

One of the authors of this book had an interesting conversation with a relative who works in an office environment. At a family gathering, the author's relative casually mentioned a story he had read online about a local company that had fired several employees for abusing their Internet privileges. He was shocked and couldn't believe that a company would violate their employees' right to privacy.

As you've read in this chapter, the U.S. court system has long upheld the traditional right to privacy as an extension of basic constitutional rights. However, the courts have maintained that a key element of this right is that privacy should be guaranteed only when there is a “reasonable expectation of privacy.” For example, if you mail a letter to someone in a sealed envelope, you may reasonably expect that it will be delivered without being read along the way—you have a reasonable expectation of privacy. On the other hand, if you send your message on a postcard, you do so with the awareness that one or more people might read your note before it arrives at the other end—you do not have a reasonable expectation of privacy.

Recent court rulings have found that employees do not have a reasonable expectation of privacy while using employer-owned communications equipment in the workplace. If you send a message using an employer's computer, Internet connection, telephone, or other communications device, your employer can monitor it as a routine business procedure.

That said, if you're planning to monitor the communications of your employees, you should take reasonable precautions to ensure that there is no implied expectation of privacy. Here are some common measures to consider:

- Clauses in employment contracts that state the employee has no expectation of privacy while using corporate equipment
- Similar written statements in corporate acceptable use and privacy policies
- Logon banners warning that all communications are subject to monitoring
- Warning labels on computers and telephones warning of monitoring

As with many of the issues discussed in this chapter, it's a good idea to consult with your legal counsel before undertaking any communications-monitoring efforts.

European Union Privacy Law

The European Union (EU) has served as a leading force in the world of information privacy, passing a series of regulations designed to protect individual privacy rights. These laws function in a comprehensive manner, applying to almost all individually identifiable information, unlike U.S. privacy laws, which generally apply to specific industries or categories of information.

European Union General Data Protection Regulation

The European Union passed a comprehensive law covering the protection of personal information in 2016. The General Data Protection Regulation (GDPR) went into effect in 2018 and replaced the earlier Data Protection Directive (DPD). The main purpose of this law is to provide a single, harmonized law that covers data throughout the European Union, bolstering the personal privacy protections originally provided by the DPD.

A major difference between the GDPR and the data protection directive is the widened scope of the regulation. The new law applies to all organizations that collect data from EU residents or process that information on behalf of someone who collects it. Importantly, the law even applies to organizations that are *not based in the EU*, if

they collect information about EU residents. The ability of the EU to enforce this law globally remains an open question.

The key provisions of the GDPR include the following:

- *Lawfulness, fairness, and transparency* says that you must have a legal basis for processing personal information, you must not process data in a manner that is misleading or detrimental to data subjects, and you must be open and honest about data processing activities.
- *Purpose limitation* says that you must clearly document and disclose the purposes for which you collect data and limit your activity to disclosed purposes.
- *Data minimization* says that you must ensure that the data you process is adequate for your stated purpose and limited to what you actually need for that purpose.
- *Accuracy* says that the data you collect, create, or maintain is correct and not misleading, that you maintain updated records, and that you correct or erase inaccurate data.
- *Storage limitation* says that you keep data only for as long as it is needed to fulfill a legitimate, disclosed purpose and that you comply with the “right to be forgotten” that allows individuals to require companies to delete their information if it is no longer needed.
- *Integrity and confidentiality* says that you must have appropriate security, integrity and confidentiality controls in place to protect data.
- *Accountability* says that you must take responsibility for actions you take with protected data and that the data controller must be able to demonstrate compliance.

Cross-Border Information Sharing

GDPR is of particular concern when transferring information across international borders. Organizations needing to conduct transfers between their subsidiaries have two options available for complying with EU regulations:

- Organizations may adopt a set of standard contractual clauses (SCCs) that have been approved for use in situations where information is being transferred outside of the EU. Those clauses are found on the European Commission website and are available for integration into contracts.
- Organizations may adopt binding corporate rules (BCRs) that regulate data transfers between internal units of the same firm. This is a very time-consuming process—the rules must be approved by every EU member nation where they will be used, so typically this path is only adopted by very large organizations.

In the past, the European Union and the United States operated a safe harbor agreement called Privacy Shield. Organizations were able to certify their compliance with privacy practices through independent assessors and, if awarded the privacy shield, were permitted to transfer information.

However, a 2020 ruling by the Court of Justice of the European Union (CJEU) in a case called *Schrems II* declared the EU/US Privacy Shield invalid. Currently, companies may not rely on the Privacy Shield and must use either standard contractual clauses or binding corporate rules. At the time this book went to press, efforts were underway to implement a new safe harbor program designed to meet EU requirements.

In some cases, conflicts arise between laws of different nations. For example, electronic discovery rules in the United States might require the production of evidence that is protected under GDPR. In those cases, privacy professionals should consult with attorneys to identify an appropriate course of action.



The Asia-Pacific Economic Cooperation (APEC) publishes a privacy framework that incorporates many standard privacy practices, such as preventing harm, notice, collection limitation, use of personal information, choice, integrity of personal information, security safeguards, access and correction, and accountability. This framework is used to promote the smooth cross-border flow of information between APEC member nations.

Canadian Privacy Law

Canadian law affects the processing of personal information related to Canadian residents. Chief among these, the *Personal Information Protection and Electronic Documents Act (PIPEDA)* is a national-level law that restricts how commercial businesses may collect, use, and disclose personal information.

Generally speaking, PIPEDA covers information about an individual that is identifiable to that individual. The Canadian government provides the following examples of information covered by PIPEDA:

- Race, national, or ethnic origin
- Religion
- Age
- Marital status
- Medical, education, or employment history
- Financial information
- DNA
- Identifying numbers
- Employee performance records

The law excludes information that does not fit the definition of personal information, including the following examples provided by

the Office of the Privacy Commissioner of Canada:

- Information that is not about an individual, because the connection with a person is too weak or far-removed
- Information about an organization such as a business
- Information that has been rendered anonymous, as long as it is not possible to link that data back to an identifiable person
- Certain information about public servants such as their name, position, and title
- A person's business contact information that an organization collects, uses, or discloses for the sole purpose of communicating with that person in relation to their employment, business, or profession
- Government information
- An individual's collection, use, or disclosure of personal information strictly for personal purposes (e.g., personal greeting card list)

PIPEDA may also be superseded by province-specific laws that are deemed substantially similar to PIPEDA. These laws currently exist in Alberta, British Columbia, and Quebec. PIPEDA generally does not apply to nonprofit organizations or political parties and associations. Provincial laws apply to municipalities, universities, schools, and hospitals.

Chinese Privacy Law

In recent years, China has significantly advanced its legal framework related to data protection and privacy, culminating in the *Personal Information Protection Law (PIPL)*, which came into effect in 2021. The PIPL is China's first comprehensive national standard in data privacy law, somewhat analogous to the GDPR in the EU, and it imposes stringent regulations on personal data processing activities.

Key aspects of the PIPL include:

Consent and Legitimate Purpose The PIPL mandates that data processing should be specific, clear, and legitimate. Explicit consent is required for data processing, especially for sensitive data, and individuals have the right to withdraw their consent.

Minimum Necessary Data Collection Similar to the GDPR's data minimization principle, the PIPL requires that organizations only collect personal data that is directly relevant and necessary for the stated purpose.

Data Subject Rights The law empowers individuals with several rights concerning their personal data, including the right to access, correction, deletion, and to be informed of data breaches. It also allows individuals to object to data processing.

Cross-Border Data Transfer The PIPL imposes restrictions on transferring personal data outside of China. Data exporters must conduct a security assessment and ensure that the receiving country's data protection measures are effectively equivalent to those in China, among other obligations.

Heavy Penalties Noncompliance with the PIPL can result in severe consequences, including financial penalties, suspension of business activities, or revocation of business licenses.

South African Privacy Law

South Africa's primary legislation governing data protection is the *Protection of Personal Information Act (POPIA)*, which went into effect in 2020. POPIA promotes the protection of personal information processed by public and private bodies and introduces specific conditions for the lawful processing of personal information, closely mirroring principles seen in the GDPR.

Important provisions under POPIA include:

Lawful Processing POPIA sets out eight conditions for the lawful processing of personal information, which includes accountability, processing limitation, purpose specification, further processing limitation, information quality, openness, security safeguards, and data subject participation.

Consent Personal information must be collected directly from the data subject, with specific consent required for processing. Consent can be withdrawn, and data subjects also have the right to object to the processing of personal information.

Special Personal Information The act puts strict conditions on the processing of special personal information, such as religious or philosophical beliefs, race or ethnic origin, trade union membership, political persuasion, health or sex life, criminal behavior, or biometric information.

Processing of Personal Information of Children POPIA recognizes the vulnerability of children in the digital age and thus places heightened restrictions on the processing of their personal information. Consent is required from a competent person (e.g., a parent or guardian) where the data subject is a child. Additionally, organizations must ensure that they apply appropriate safeguards when processing children's data, making sure that it is treated with utmost care and not used for exploitative purposes.

Cross-Border Information Transfers POPIA restricts the transfer of personal information outside South Africa unless the recipient country has similar privacy protections or the data subject consents to the transfer.

Enforcement and Penalties The Information Regulator is the enforcement authority under POPIA, with the power to investigate and fine responsible parties for noncompliance. Penalties for violating POPIA can be severe, including both monetary fines and imprisonment.

State Privacy Laws

In addition to the federal and international laws affecting the privacy and security of information, organizations must be aware of the laws passed by states, provinces, and other jurisdictions where they do business. As with the data breach notification laws discussed earlier in this chapter, states often lead the way in creating privacy regulations that spread across the country and may eventually serve as the model for federal law.

The *California Consumer Privacy Act (CCPA)* is an excellent example of this principle in action. California passed this sweeping privacy law in 2018, modeling it after the European Union's GDPR. Provisions of the law went into effect in 2020, providing consumers with the following:

- The right to know what information businesses are collecting about them and how the organization uses and shares that information
- The right to be forgotten, allowing consumers to request that the organization delete their personal information, in some circumstances
- The right to opt out of the sale of their personal information
- The right to exercise their privacy rights without fear of discrimination or retaliation for their use



California passed other privacy laws that extended CCPA, and other states have passed similar laws in recent years.

Compliance

Over the past decade, the regulatory environment governing information security has grown increasingly complex. Organizations may find themselves subject to a wide variety of laws (many of which were outlined earlier in this chapter) and regulations imposed by regulatory agencies or contractual obligations.



Real World Scenario

Payment Card Industry Data Security Standard

The Payment Card Industry Data Security Standard (PCI DSS) is an excellent example of a compliance requirement that is not dictated by law but by contractual obligation. PCI DSS governs the security of credit card and debit card information and is enforced through the terms of a merchant agreement between a business that accepts credit cards and/or debit cards and the bank that processes the business's transactions.

PCI DSS 4.0 has 12 main requirements:

- Install and maintain network security controls.
- Apply secure configurations to all system components.
- Protect stored account data.
- Protect cardholder data with strong cryptography during transmission over open, public networks.
- Protect all systems and networks from malicious software.
- Develop and maintain secure systems and software.
- Restrict access to system components and cardholder data by business need to know.
- Identify users and authenticate access to system components.
- Restrict physical access to cardholder data.
- Log and monitor all access to systems and networks regularly.
- Test security of systems and networks regularly.
- Support information security with organizational policies and programs.

Each of these requirements is spelled out in detail in the full PCI DSS standard, which can be found at <http://pcisecuritystandards.org>. Organizations subject to PCI DSS may be required to conduct annual compliance assessments, depending on the number of transactions they process and their history of cybersecurity breaches.

Dealing with the many overlapping, and sometimes contradictory, compliance requirements facing an organization requires careful planning. Many organizations employ full-time IT compliance staff responsible for tracking the regulatory environment, monitoring controls to ensure ongoing compliance, facilitating compliance audits, and meeting the organization's compliance reporting obligations.



Organizations that are not merchants but that store, process, or transmit credit card information on behalf of merchants must also comply with PCI DSS. For example, the requirements apply to shared hosting providers who must protect the cardholder data environment.

Organizations may be subject to compliance audits, either by their standard internal and external auditors or by regulators or their agents. For example, an organization's financial auditors may conduct an IT controls audit designed to ensure that the information security controls for an organization's financial systems are sufficient to ensure compliance with the Sarbanes–Oxley Act (SOX). Some regulations, such as PCI DSS, may require the organization to retain approved independent auditors to verify controls and provide a report directly to regulators.

In addition to formal audits, organizations often must report regulatory compliance to a number of internal and external stakeholders. For example, an organization's board of directors (or, more commonly, that board's audit committee) may require periodic reporting on compliance obligations and status. Similarly, PCI DSS requires organizations that are not compelled to conduct a formal

third-party audit to complete and submit a self-assessment report outlining their compliance status.

Contracting and Procurement

The increased use of cloud services and other external vendors to store, process, and transmit sensitive information leads organizations to a new focus on implementing security reviews and controls in their contracting and procurement processes. Security professionals should conduct reviews of the security controls put in place by vendors, both during the initial vendor selection and evaluation process and as part of ongoing vendor governance reviews.

These are some questions to cover during these vendor governance reviews:

- What types of sensitive information are stored, processed, or transmitted by the vendor?
- What controls are in place to protect the organization's information?
- How is your organization's information segregated from that of other clients?
- If encryption is relied on as a security control, what encryption algorithms and key lengths are used? How is key management handled?
- What types of security audits does the vendor perform, and what access does the client have to those audits?
- Does the vendor rely on any other third parties to store, process, or transmit data? How do the provisions of the contract related to security extend to those third parties?
- Where will data storage, processing, and transmission take place? If outside the home country of the client and/or vendor, what implications does that have?
- What is the vendor's incident response process, and when will clients be notified of a potential security breach?

- What provisions are in place to ensure the ongoing integrity and availability of client data?

This is just a brief listing of some of the concerns you may have. Tailor the scope of your security review to the specific concerns of your organization, the type of service provided by the vendor, and the information that will be shared with them.

Summary

Computer security necessarily entails a high degree of involvement from the legal community. In this chapter, you learned about the laws that govern security issues such as computer crime, intellectual property, data privacy, and software licensing.

Three major categories of law impact information security professionals. Criminal law outlines the rules and sanctions for major violations of the public trust. Civil law provides us with a framework for conducting business. Government agencies use administrative law to promulgate the day-to-day regulations that interpret existing law.

The laws governing information security activities are diverse and cover all three categories. Some, such as the Electronic Communications Privacy Act and the Digital Millennium Copyright Act, are criminal laws where violations may result in criminal fines and/or prison time. Others, such as trademark and patent laws, are civil laws that govern business transactions. Finally, many government agencies promulgate administrative law, such as the HIPAA Security Rule, that affects specific industries and data types.

Information security professionals should be aware of the compliance requirements specific to their industry and business activities. Tracking these requirements is a complex task and should be assigned to one or more compliance specialists who monitor changes in the law, changes in the business environment, and the intersection of those two realms.

It's also not sufficient to simply worry about your own security and compliance. With increased adoption of cloud computing, many organizations now share sensitive and personal data with vendors

that act as service providers. Security professionals must take steps to ensure that vendors treat data with as much care as the organization itself would and also meet any applicable compliance requirements.

Study Essentials

Understand the differences between criminal law, civil law, and administrative law. Criminal law protects society against acts that violate the basic principles we believe in. Violations of criminal law are prosecuted by federal and state governments. Civil law provides the framework for disputes between people or the transaction of business between people and organizations. Violations of civil law are brought to the court and argued by the two affected parties. Administrative law is used by government agencies to effectively carry out their day-to-day business.

Be able to explain the basic provisions of the major laws designed to protect society against computer crime. The Computer Fraud and Abuse Act (as amended) protects computers used by the government or in interstate commerce from a variety of abuses. The Electronic Communications Privacy Act (ECPA) makes it a crime to invade the electronic privacy of an individual.

Know the differences among copyrights, trademarks, patents, and trade secrets. Copyrights protect original works of authorship, such as books, articles, poems, and songs. Trademarks are names, slogans, and logos that identify a company, product, or service. Patents provide protection to the creators of new inventions. Trade secret law protects the operating secrets of a firm.

Be able to explain the basic provisions of the Digital Millennium Copyright Act of 1998. The Digital Millennium Copyright Act prohibits the circumvention of copy protection mechanisms placed in digital media and limits the liability of Internet service providers for the activities of their users.

Know the basic provisions of the Economic Espionage Act of 1996. The Economic Espionage Act provides penalties for individuals found guilty of the theft of trade secrets. Harsher

penalties apply when the individual knows that the information will benefit a foreign government.

Understand the various types of software license

agreements. Perpetual licenses allow indefinite use after a onetime fee, while subscription licenses are time-bound with recurring fees. Open source licenses offer usage freedom with conditions, and enterprise agreements provide licenses for large organizations. EULAs define user rights and restrictions, concurrent licenses set simultaneous user limits, and named user licenses tie to specific users. Click-through agreements require active consent during installation, and cloud service licenses pertain to online services, with terms presented upon registration.

Understand the notification requirements placed on

organizations that experience a data breach. California's SB 1386 implemented the first statewide requirement to notify individuals of a breach of their personal information. All other states eventually followed suit with similar laws. Currently, federal law only requires the notification of individuals when a HIPAA-covered entity breaches their protected health information.

Understand the major laws that govern privacy of personal information in the United States, the European Union, Canada, China, and South Africa. The United States has a number of privacy laws that affect the government's use of information as well as the use of information by specific industries, such as financial services companies and healthcare organizations that handle sensitive information. The EU has a more comprehensive General Data Protection Regulation that governs the use and exchange of personal information. In Canada, the Personal Information Protection and Electronic Documents Act (PIPEDA) governs the use of personal information. China includes privacy protections in the Personal Information Protection Law (PIPL), while South Africa's are embedded in the Protection of Personal Information Act (POPIA).

Explain the importance of a well-rounded compliance

program. Most organizations are subject to a wide variety of legal and regulatory requirements related to information security.

Building a compliance program ensures that you become and remain compliant with these often overlapping requirements.

Know how to incorporate security into the procurement and vendor governance process. The expanded use of cloud services by many organizations requires added attention to conducting reviews of information security controls during the vendor selection process and as part of ongoing vendor governance.

Be able to determine compliance and other requirements for information protection. Cybersecurity professionals must be able to analyze a situation and determine what jurisdictions and laws apply. They must be able to identify relevant contractual, legal, regulatory, and industry standards and interpret them for their given situation.

Know legal and regulatory issues and how they pertain to information security. Understand the concepts of cybercrime and data breaches and be able to apply them in your environment when incidents arise. Understand what licensing and intellectual property protections apply to your organization's data and your obligations when encountering data belonging to other organizations. Understand the privacy and export control issues associated with transferring information across international borders.

Written Lab

1. What are the two primary mechanisms that an organization may use to share information outside the European Union under the terms of GDPR?
2. What are some common questions that organizations should ask when considering outsourcing information storage, processing, or transmission?
3. What are some common steps that employers can take to notify employees of system monitoring?

Review Questions

1. Brianna is working with a U.S. software firm that uses encryption in its products and plans to export their product outside of the United States. What federal government agency has the authority to regulate the export of encryption software?
 - A. NSA
 - B. NIST
 - C. BIS
 - D. FTC
2. Wendy recently accepted a position as a senior cybersecurity administrator at a U.S. government agency and is concerned about the legal requirements affecting her new position. Which law governs information security operations at federal agencies?
 - A. FISMA
 - B. FERPA
 - C. CFAA
 - D. ECPA
3. What type of law does not require an act of Congress to implement at the federal level but rather is enacted by the executive branch in the form of regulations, policies, and procedures?
 - A. Criminal law
 - B. Common law
 - C. Civil law
 - D. Administrative law
4. What U.S. state was the first to pass a comprehensive privacy law modeled after the requirements of the European Union's General Data Protection Regulation?
 - A. California
 - B. New York

- C. Vermont
 - D. Texas
5. Congress passed CALEA in 1994, requiring that what type of organizations cooperate with law enforcement investigations?
- A. Financial institutions
 - B. Communications carriers
 - C. Healthcare organizations
 - D. Websites
6. What law protects the right of citizens to privacy by placing restrictions on the authority granted to government agencies to search private residences and facilities?
- A. Privacy Act
 - B. Fourth Amendment
 - C. Second Amendment
 - D. Gramm–Leach–Bliley Act
7. Matthew recently authored an innovative algorithm for solving a mathematical problem, and he wants to share it with the world. However, prior to publishing the software code in a technical journal, he wants to obtain some sort of intellectual property (IP) protection. Which type of protection is best suited to his needs?
- A. Copyright
 - B. Trademark
 - C. Patent
 - D. Trade secret
8. Mary is the cofounder of Acme Widgets, a manufacturing firm. Together with her partner, Joe, she has developed a special oil that will dramatically improve the widget manufacturing process. To keep the formula secret, Mary and Joe plan to make large quantities of the oil by themselves in the plant after the other workers have left. They want to protect this formula for as

long as possible. What type of intellectual property (IP) protection best suits their needs?

- A. Copyright
- B. Trademark
- C. Patent
- D. Trade secret

9. Richard recently developed a great name for a new product that he plans to begin using immediately. He spoke with his attorney and filed the appropriate application to protect his product name but has not yet received a response from the government regarding his application. He wants to begin using the name immediately. What symbol should he use next to the name to indicate its protected status?

- A. ©
- B. ®
- C. ™
- D. †

10. Tom is an adviser to a federal government agency that collects personal information from constituents. He would like to facilitate a research relationship between that firm that involves the sharing of personal information with several universities. What law prevents government agencies from disclosing personal information that an individual supplies to the government under protected circumstances?

- A. Privacy Act
- B. Electronic Communications Privacy Act
- C. Health Insurance Portability and Accountability Act
- D. Gramm–Leach–Bliley Act

11. Renee's organization is establishing a partnership with a firm located in France that will involve the exchange of personal information. Her partners in France want to ensure that the

transfer will be compliant with the GDPR. What mechanism would be most appropriate?

- A. Binding corporate rules
- B. Privacy Shield
- C. Privacy Lock
- D. Standard contractual clauses

12. The Children's Online Privacy Protection Act (COPPA) was designed to protect the privacy of children using the Internet. What is the minimum age a child must be before companies can collect personal identifying information from them without parental consent?

- A. 13
- B. 14
- C. 15
- D. 16

13. Kevin is assessing his organization's obligations under state data breach notification laws. Which one of the following pieces of information would generally not be covered by a data breach notification law when it appears in conjunction with a person's name?

- A. Social Security number
- B. Driver's license number
- C. Credit card number
- D. Student identification number

14. Roger is the CISO at a healthcare organization covered under HIPAA. He would like to enter into a partnership with a vendor who will manage some of the organization's data. As part of the relationship, the vendor will have access to protected health information (PHI). Under what circumstances is this arrangement permissible under HIPAA?

- A. This is permissible if the service provider is certified by the Department of Health and Human Services.

- B. This is permissible if the service provider enters into a business associate agreement.
 - C. This is permissible if the service provider is within the same state as Roger's organization.
 - D. This is not permissible under any circumstances.
15. Frances learned that a user in her organization recently signed up for a cloud service without the knowledge of her supervisor and is storing corporate information in that service. Which one of the following statements is correct?
- A. If the user did not sign a written contract, the organization has no obligation to the service provider.
 - B. The user most likely agreed to a click-through license agreement binding the organization.
 - C. The user's actions likely violate federal law.
 - D. The user's actions likely violate state law.
16. Greg recently accepted a position as the cybersecurity compliance officer with a privately held bank. What law most directly impacts the manner in which his organization handles personal information?
- A. HIPAA
 - B. GLBA
 - C. SOX
 - D. FISMA
17. Ruth recently obtained a utility patent covering a new invention that she created. How long will she retain legal protection for her invention?
- A. 14 years from the application date
 - B. 14 years from the date the patent is granted
 - C. 20 years from the application date
 - D. 20 years from the date the patent is granted

18. Ryan is reviewing the terms of a proposed vendor agreement between the financial institution where he works and a cloud service provider. Which one of the following items should represent the *least* concern to Ryan?
- A. What security audits does the vendor perform?
 - B. What provisions are in place to protect the confidentiality, integrity, and availability of data?
 - C. Is the vendor compliant with HIPAA?
 - D. What encryption algorithms and key lengths are used?
19. Justin is a cybersecurity consultant working with a retailer on the design of their new point-of-sale (POS) system. What compliance obligation relates to the processing of credit card information that might take place through this system?
- A. SOX
 - B. HIPAA
 - C. PCI DSS
 - D. FERPA
20. Leonard and Sheldon recently coauthored a paper describing a new superfluid vacuum theory. How long will the copyright on their paper last?
- A. 70 years after publication
 - B. 70 years after completion of the first draft
 - C. 70 years after the death of the first author
 - D. 70 years after the death of the last author